Texas Department of Insurance
Division of Workers' Compensation
Medical Fee Dispute Resolution, MS-48
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645
518-804-4000 telephone • 512-804-4811 fax • www.tdi.texas.gov

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name and Address

MIDLAND MEMORIAL HOSPITAL
3255 W PIONEER PKWY
PANTEGO TX 76013-4620

Respondent Name
TRAVELERS CASUALTY INS CO OF AMERICA

Carrier's Austin Representative Box
Box Number 5

MFDR Tracking Number
M4-12-2381-01

MFDR Date Received
March 16, 2012

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "We have found in this audit they have not paid what we determine is the correct allowable per the APC allowable per the new fee schedule that started 3/01/2008 for the following account. Per the new fee schedule this account qualifies for an Outlier payment . . ."

Amount in Dispute: $2,706.10

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "The Carrier has reviewed the Medicare calculations utilized and determined the outlier methodology is not applicable to the services at issue. The Carrier contends the Medicare reimbursement methodology was appropriately applied to these services. The Carrier contends the Provider is incorrect in their assertions and is not entitled to additional reimbursement for the disputed services."

Response Submitted by: Travelers, 1501 S. Mopac Expressway, Suite A-320, Austin, Texas 78746

SUMMARY OF FINDINGS

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
June 22, 2011	Outpatient Hospital Services	$2,706.10	$16.73

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403, titled *Hospital Facility Fee Guideline – Outpatient*, sets out the reimbursement guidelines for facility services provided in an outpatient acute care hospital.
3. 28 Texas Administrative Code §134.203, titled *Medical Fee Guideline for Professional Services*, sets out the reimbursement guidelines for professional medical services.

4. The services in dispute were reduced/denied by the respondent with the following reason codes:
   - INCL – W1 - WORKERS COMPENSATION STATE FEE SCHEDULE ADJUSTMENT. PACKAGED SERVICES ARE INCLUDED IN THE APC RATE.
   - FEES – W1 - WORKERS COMPENSATION STATE F/S ADJ. REIMBURSEMENT BASED ON MAX ALLOWABLE FEE FOR THIS PROC. BASED ON MEDICAL F/S, OR IF ON IS NOT SPECIFIED, UCR FOR THIS ZIP AREA.
   - GL10 – 89 - PROFESSIONAL FEES REMOVED FROM CHARGES. SERVICES BILLED FOR RADIOLOGY, LAB, AND/OR PATHOLOGY BY A HOSPITAL SHOULD NORMALLY BE BILLED AT THE TC RATE.
   - TXNC – 96 - NON COVERED CHARGES(S). NON COVERED SERVICES PER THE TX HOSPITAL MEDICARE METHODOLOGY PER RULE 134.403(D).
   - T182 – 97 - PYMT ADJUSTED BECAUSE THE BENEFIT FOR THIS SVC IS INCL IN THE PYMT/ALLOW FOR ANOTHER SVC/PROC THAT HAS ALREADY BEEN ADJUDICATED. PYMT INCLUDED IN APC RATE PER TX HOSP MEDICARE METHODOLOGY PER RULE 134.403(D).
   - Z013 – W1 - WORKERS COMPENSATION STATE FEE SCHEDULE ADJUSTMENT. THIS BILL HAS BEEN PROCESSED CORRECTLY PER THE STATE FEE SCHEDULE.
   - P10M – W3 - ADDITIONAL PAYMENT MADE ON APPEAL/RECONSIDERATION. THROUGH A REVIEW OF ORIGINAL PAYMENT AND ADDITOINAL INFORMATION RECV, IT HAS BEEN DETERMINED ORIGINAL INVOICE WAS PROCESSED INCORRECTLY WHICH RESULTED IN THIS ADD'L PAYMENT.
   - Z10F – 193 - ORIGINAL PAYMENT DECISION IS BEING MAINTAINED. UPON REVIEW, IT WAS DETERMINED THAT THIS CLAIM WAS PROCESSED PROPERLY. AFTER CAREFULLY REVIEWING THE RESUBMITTED INVOICE, ADDITIONAL REIMBURSE- MENT IS NOT JUSTIFIED.
   - 193 – 193 - ORIGINAL PAYMENT DECISION IS BEING MAINTAINED. THIS CLAIM WAS PROCESSED PROPERLY THE FIRST TIME.
   - Z12F – AFTER CAREFULLY REVIEWING THE RESUBMITTED INVOICE, ADITIONAL REIMBURSEMENT IS NOT JUSTIFIED.

Issues

1. Are the disputed services subject to a contractual agreement between the parties to this dispute?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. What is the recommended payment amount for the services in dispute?
4. Is the requestor entitled to reimbursement?

Findings

1. Review of the submitted documentation finds no information to support that the disputed services are subject to a contractual agreement between the parties to this dispute.
2. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was not requested.
3. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published annually in the OPPS final rules which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
   - Procedure code 86850 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. This service is classified under APC 0345, which, per OPPS Addendum A, has a payment rate of $14.93. This amount multiplied by 60% yields an unadjusted labor-related amount of $8.96. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related

amount of $8.52. The non-labor related portion is 40% of the APC rate or $5.97. The sum of the labor and non-labor related amounts is $14.49. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $14.49. This amount multiplied by 200% yields a MAR of $28.98.

- Procedure code 86900 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. This service is classified under APC 0409, which, per OPPS Addendum A, has a payment rate of $7.78. This amount multiplied by 60% yields an unadjusted labor-related amount of $4.67. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $4.44. The non-labor related portion is 40% of the APC rate or $3.11. The sum of the labor and non-labor related amounts is $7.55. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $7.55. This amount multiplied by 200% yields a MAR of $15.10.
- Procedure code 86901 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. This service is classified under APC 0409, which, per OPPS Addendum A, has a payment rate of $7.78. This amount multiplied by 60% yields an unadjusted labor-related amount of $4.67. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $4.44. The non-labor related portion is 40% of the APC rate or $3.11. The sum of the labor and non-labor related amounts is $7.55. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $7.55. This amount multiplied by 200% yields a MAR of $15.10.
- Procedure code 80053 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $14.87. 125% of this amount is $18.59. The recommended payment is $18.59.
- Procedure code 80101 has a status indicator of E, which denotes non-covered items, codes or services that are not paid by Medicare when submitted on outpatient claims. Reimbursement is not recommended.
- Procedure code 82055 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $15.21. 125% of this amount is $19.01. The recommended payment is $19.01.
- Procedure code 82150 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $9.12. 125% of this amount is $11.40. The recommended payment is $11.40.
- Procedure code 83615 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $8.50. 125% of this amount is $10.63. The recommended payment is $10.63.
- Procedure code 83690 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $9.69. 125% of this amount is $12.11. The recommended payment is $12.11.
- Procedure code 85025 has a status indicator of A, which denotes services paid under a fee schedule or

payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $10.94. 125% of this amount is $13.68. The recommended payment is $13.68.

- Per Medicare policy, procedure code 85014 is unbundled. This procedure is a component service of procedure code 85025 performed on the same date. Payment for this service is included in the payment for the primary procedure. Separate payment is not recommended.
- Per Medicare policy, procedure code 85018 is unbundled. This procedure is a component service of procedure code 85025 performed on the same date. Payment for this service is included in the payment for the primary procedure. Separate payment is not recommended.
- Procedure code 81001 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is $4.45. 125% of this amount is $5.56. The recommended payment is $5.56.
- Procedure code 72170 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. This service is classified under APC 0260, which, per OPPS Addendum A, has a payment rate of $45.04. This amount multiplied by 60% yields an unadjusted labor-related amount of $27.02. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $25.70. The non-labor related portion is 40% of the APC rate or $18.02. The sum of the labor and non-labor related amounts is $43.72. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $43.72. This amount multiplied by 200% yields a MAR of $87.44.
- Procedure code 71010 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. This service is classified under APC 0260, which, per OPPS Addendum A, has a payment rate of $45.04. This amount multiplied by 60% yields an unadjusted labor-related amount of $27.02. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $25.70. The non-labor related portion is 40% of the APC rate or $18.02. The sum of the labor and non-labor related amounts is $43.72. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $43.72. This amount multiplied by 200% yields a MAR of $87.44.
- Procedure code 74177 has a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC; however, as the criteria for composite payment are not met for this code, this service is paid separately and is not assigned to a composite APC. This service is classified under APC 0283, which, per OPPS Addendum A, has a payment rate of $299.81. This amount multiplied by 60% yields an unadjusted labor-related amount of $179.89. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $171.08. The non-labor related portion is 40% of the APC rate or $119.92. The sum of the labor and non-labor related amounts is $291.00. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $291.00. This amount multiplied by 200% yields a MAR of $582.00.
- Per Medicare policy, procedure code 96365 is unbundled. This procedure is a component service of procedure code 99284 performed on the same date. Payment for this service is included in the payment for the primary procedure. Separate payment is not recommended.
- Procedure code 96366 has a status indicator of S, which denotes a significant procedure not subject to multiple procedure discounting, paid under OPPS with separate APC payment. This service is classified under APC 0436, which, per OPPS Addendum A, has a payment rate of $26.35. This amount multiplied by 60% yields an unadjusted labor-related amount of $15.81. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $15.04. The non-labor related portion is 40% of the APC rate or $10.54. The sum of the labor and non-labor related amounts is $25.58. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $25.58. This amount multiplied by 200% yields a MAR of $51.16.
- Procedure code 96375 has a status indicator of S, which denotes a significant procedure not subject to multiple procedure discounting, paid under OPPS with separate APC payment. This service is classified under APC 0437, which, per OPPS Addendum A, has a payment rate of $36.88. This amount multiplied by

60% yields an unadjusted labor-related amount of $22.13. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $21.05. The non-labor related portion is 40% of the APC rate or $14.75. The sum of the labor and non-labor related amounts is $35.80 multiplied by 2 units is $71.60. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $71.60. This amount multiplied by 200% yields a MAR of $143.20.

- Procedure code 99284 has a status indicator of Q3, which denotes codes that may be paid through a composite APC; payment is packaged into a single payment for specific combinations of service. This service is classified under APC 0615, which, per OPPS Addendum A, has a payment rate of $222.58. This amount multiplied by 60% yields an unadjusted labor-related amount of $133.55. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $127.01. The non-labor related portion is 40% of the APC rate or $89.03. The sum of the labor and non-labor related amounts is $216.04. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $216.04. This amount multiplied by 200% yields a MAR of $432.08.
- Procedure code 90715 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
- Procedure code J0690 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
- Procedure code J1956 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
- Procedure code J2175 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
- Procedure code J2765 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
- Procedure code Q9967 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into payment for other services, including outliers.
- Procedure code 90471 has a status indicator of S, which denotes a significant procedure not subject to multiple procedure discounting, paid under OPPS with separate APC payment. This service is classified under APC 0436, which, per OPPS Addendum A, has a payment rate of $26.35. This amount multiplied by 60% yields an unadjusted labor-related amount of $15.81. This amount multiplied by the annual wage index for this facility of 0.951 yields an adjusted labor-related amount of $15.04. The non-labor related portion is 40% of the APC rate or $10.54. The sum of the labor and non-labor related amounts is $25.58. The cost of this service does not exceed the annual fixed-dollar threshold of $2,025. The outlier payment amount is $0. The total APC payment for this service is $25.58. This amount multiplied by 200% yields a MAR of $51.16.

4. The total allowable reimbursement for the services in dispute is $1,584.64. This amount less the amount previously paid by the insurance carrier of $1,567.91 leaves an amount due to the requestor of $16.73. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $16.73.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of $16.73, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

	Grayson Richardson	November 5, 2012
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party**.

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.